



RAND WEST CITY LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY 2017-2018

Policy: <i>CREDIT CONTROL AND DEBT COLLECTION POLICY</i>	Effective Date: 1 st July 2017
Approved: SP.10/30/05/2017	Review Date: 30/05/2017

Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by council and may be reviewed on an earlier date if necessary.

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1. SCOPE AND AREA OF APPLICATION

This policy applies to all corporate, private residents and customers of the municipality throughout the area of the Rand West City Local Municipality (WLM).

2. OBJECTIVE

The Objective of this policy is to:

- Enable the municipality to collect its revenue timely;
- Structure the municipality's administration, budgeting and planning processes to give priority to the basic needs of its residents, and to promote the social and economic development of the community.

3. PREAMBLE

WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 (*the Systems Act*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority.

IT IS HEREBY ADOPTED: a credit control and debt management policy of the Rand West City Local Municipality.

4. DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

“Act” The Local Government Act: Systems Bill, 2000 (Act No 32 of 2000) as amended from time to time; “Arrangement” A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.

“Arrears” Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

“Authorized Representative” Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

“CFO” Person appointed as the Chief Financial Officer of the ` Municipality, or his or her nominee.

“Council” The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Rand West City Local Municipality established by Provincial Notice 184 of 2000, as amended, exercising its legislative and executive authority through its Municipal Council; or

(b) its successor in title; or

(c) a structure or person exercising a delegated power or carrying out an instruction, where any power in this Policy has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); or a service provider fulfilling a responsibility under this Policy, assigned to it in terms of section 81(2) of the Local Government: Municipal Systems Act, or any other law, as the case may be;

“Credit Control” All the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

“customer” Any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;

“defaulter” Any Person who owing the Council arrear monies in respect of rates and / or service charges;

“engineer” The person in charge of the civil and/or electrical component of Council;

“equipment” A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“Implementing Authority” Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.

“interest” A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

“municipal account” An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

“Municipality” Means the Rand West City Local Municipality.

“Municipal Manager” The person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

“municipal services” Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

“occupier” Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

“owner” –

The person in whom from time to time is vested the legal title to premises;

In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;

In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;

In relation to-

A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or

A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

Any legal person including but not limited to-

A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;

Any department of State;

Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;

Any Embassy or other foreign entity;

“premises” Includes any piece of land, the external surface boundaries of which are delineated on-

A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or

A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

“Supervisory Authority” Means the Executive committee of the Municipality or its nominee, acting in terms of Section 99 of the Systems Act.

5. POLICY AND PRINCIPLES

The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.

All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.

A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer on request at such fees as may be prescribed by Council.

Billing is to be accurate, timeous and understandable.

The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.

The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

Enforcement of payment must be prompt, consistent and effective.

Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.

Incentives and disincentives may be used in collection procedures.

The collection process must be cost-effective.

Results will be regularly and efficiently reported by the Municipal Manager or the Executive Mayor.

Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.

All notifications served to the *Domicilium citandi et executandi* of clients must state the reason/s for actions taken as well as information as to how they can take corrective action to normalize the situation.

Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

6. DUTIES AND FUNCTIONS

6.1. DUTIES AND FUNCTIONS OF COUNCIL

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- To facilitate the generation of sufficient funds to give access to basic services for the poor.
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-laws to give effect to the Council's policy.
- To monitor the performance of the Executive Mayor (Supervising Authority) regarding credit control and debt collection.
- To revise the budget should Council's targets for credit control and debt collection not be met
- To take disciplinary and/or legal action against councillors, officials and agents who do not execute this policy and related by-laws.
- To approve a list of attorneys and or agents that will act for Council in all legal matters relating to debt collection.
- To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Executive Mayor and Municipal Manager and Service Provider respectively.
- To provide sufficient capacity in the Finance Department for credit control and debt collection.
- Alternatively to appoint a Service Provider, or debt collection agent.
- To assist the Municipal Manager in the execution of his duties, if and when required.
- To provide funds for the training of staff on matters relating to this policy.

6.2 DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR

- To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of this policy and relevant by-laws.
- To monitor the performance of the Municipal Manager in implementing this policy and related by-laws.
- To report to Council.

6.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

- To implement good customer care management systems.
- To implement council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.
- To bill customers.
- To demand payment on due dates.
- To raise penalties for defaults.
- To appropriate payments received.
- To collect outstanding debt.
- To provide different payment methods.
- To determine credit control and debt collection measures.

- To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- To set performance targets for staff.
- To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- To delegate certain functions to heads of departments.
- To determine control procedures.
- To monitor contracts with service providers in connection with credit control and debt collection
- To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- To report to the Mayor.

6.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

- To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.

6.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS

- To hold regular ward meetings with residents in order to encourage payment and address challenges relating to this policy.
- To adhere to and convey this policy to residents and ratepayers.
- To adhere to the Code of Conduct for Councillors.
- Ward Committees will act in terms of roles and functions as approved by Council.
- In terms of Section 11 (c) of Schedule 1 of the Municipal Systems Act, No 32 of 2000, a Councillor may not obstruct or attempt to obstruct the Municipal Manager or any employee of the council to implement and enforce the municipality's credit control and debt collection policy.

7. APPLICATION FOR SERVICES

7.1 Consumers who require a service must enter into a written service agreement with the municipality.

7.2 Connection application can only be made by a legal title holder of the property or a nominated proxy.

7.2 The consumer must pay the required connection fee as promulgated by council. Failure to settle such fee will result in connections not finalized.

7.2 The process must occur ten (10) days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.

7.3 The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.

7.4. Consumers who illegally consume services without this agreement will be subject to punitive action.

8. CUSTOMER SERVICE AGREEMENTS

8.1 Customer service agreements are those agreements that will from time to time be entered into between the customer and the Municipality for the supply of municipal services.

8.2 The contents of the agreement includes this policy as well as:

An undertaking by customers:

That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees;

That any alleged non-receipt of an account does not stop the collection process;

An undertaking by Council:

That it will deliver accounts to customers.

That it will inform customers that they are required to request statements in the event that they do not receive an account.

Failure to receive or accept an account does not relieve a customer of the obligation to pay any amount due and payable.

9. DEPOSITS AND GUARANTEES

9.1 The deposits are payable when new customers sign on and when existing customers move to a new supply address. Guarantees are only permitted for businesses and only under circumstances as determined by Council from time to time. Only one third of the deposit amount required may be paid in the form of a guarantee. The remaining two third be paid in cash.

9.2 Customers must pay a deposit equal to an amount as determined by Council from time to time.

9.2.1 Determination of the amount of deposit:

9.2.1.1 The amount of a deposit in respect of new service agreements will be determined based on the type of service, size of supply and customer category.

9.2.1.2 In addition to 9.2.1.1, deposit amounts may be differentiated based on proclaimed township as determined by Council from time to time.

9.2.1.3 Date of service agreement application will determine applicable deposit amount payable.

9.2.2 Consumer categories

Residential and Business Customers (Credit Meters)

Owner Accounts

- (a) Calculated average monthly consumption in respect of previous two months for twelve months preceding
- (b) Minimum Deposit amounts to be paid

Electricity	
Residential	Businesses
R 1,250.00	R 3,970.00
Water	
Residential	Businesses
R 770.00	R 2,450.00

Low-Cost / RDP Houses

Low cost housing units will be required to pay a flat deposit amount of R 90.00

Residential and Business Customers (Prepaid Metered Units)

The following deposit amounts are payable against prepaid installed meters:

Electricity	
Residential	Businesses
R 745.00	R 2,750.00
Water	
Residential	Businesses
R 770.00	R 2,850.00

Indigent Accounts

All government accounts are exempted from paying any deposit against utilities.

Industrial Accounts

- (a) Calculated average monthly consumption in respect of previous two months for twelve months preceding
- (b) Minimum Deposit amounts to be paid

Businesses (Electricity)	Business (Water)
R 8,050.00	R 4,970.00

Large Industrial Accounts

- (a) Calculated average monthly consumption in respect of previous two months for twelve months preceding

9.3 In determining the deposit amount required, council may consider the credit worthiness or affordability of the consumer via credit bureaus.

9.4 The Municipality may increase or decrease deposits and guarantees to suit the particular circumstances.

9.5 No interest shall be payable by the Municipality or its authorized agent on any deposit held.

9.6 On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refunded to the consumer. A deposit shall be forfeited to the Municipality if the customer has not claimed it within 12 (twelve) months of termination of agreement.

9.7 All new property owners, tenants as well as business consumers settle the full deposit on opening the accounts.

9.8 Current deposits and guarantees held on accounts below the minimum amounts as above may be increased by council from time to time

9.10 Council reserves the right to levy admin fees necessary on opening and closing of accounts as determined from time to time

9.11 Failure to pay required deposit will results in immediate termination of services without any further notification

10. ACCOUNTS AND BILLING

10.1 Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the Municipality.

10.2 Accounts are produced in accordance with the meter reading cycles.

10.3 An account will be rendered each month in cycles of approximately 30 days.

10.4 The Municipality will undertake to have the accounts delivered to all consumers. However non-receipt of an account does not prevent interest charges, penalties and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the account, before the due date.

10.5 Accounts must be paid on or before the due date as indicated on the account. Interest on arrears will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.

10.6. Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via third party agents, the money must be received in the municipal bank account on or before the due date and not later than the close of Business.

10.7 Consumers will be notified of their unpaid accounts prior to the commencement of the debt collection process.

10.8 Non-payment of the account will result in debt collection action taken against defaulters

11. INTEREST ON ARREAR

11.1 Interest will be levied on all arrears at a rate of 10% per annum

11.2 Council reserves the sole right to amend the above rate as it deems necessary to improve revenue and service delivery

11.3 Interest is levied on all accounts in arrears in excess of 30 days. Interest levied but not paid is included in the arrear amount of such a debtor.

12. DISHONoured CHEQUES

12.1 Refusal by banks to honour payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures

12.2 The client must settle the monetary equivalence of the dishonoured cheque in cash prior to supply being restored

12.3 The municipality will also levy applicable fees as promulgated from time to time

12.4 Council reserves the right to deny all future payments from the consumer by cash or debit card

13. METERING OF CONSUMABLE SERVICES

13.1 The municipality may introduce various metering equipment and customers may be encouraged to convert to a system preferred by the municipality.

13.2 The municipality reserves the right to impose an installation of a prepayment metering device on those clients who have failed to settle their accounts by the due date.

13.3 Prepayment metering is the preferred installation for all new domestic and where applicable, business accounts.

13.4 Credit Meters will be read monthly. Should circumstances prevent reading the Municipality is entitled to reasonably estimate a reading that is comparable to past consumption.

13.5 A Customer is responsible to ensure access to metering equipment at a time that is agreeable by the consumer and the municipal officials and will accept any cost to ensure access (such as relocating the meter) if satisfactory access is not possible.

13.6 All Fixed and surcharges relating to electricity metering may be recovered by either levied these charges against the clients' accounts or in the event of prepaid metering services from purchase vouchers.

13.7 Voluntary readings:

13.7.1 These will be permitted provided the municipality obtains any final reading should the customer move to another supply address. The municipality is required to visit the property every month to ascertain the readings provided.

13.7.2 Customers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.

13.7.3 The Municipality is entitled to make suitable adjustments to the readings should the debtor fail to ensure that a final reading is obtained.

13.7.4 An audit reading during the normal reading cycles must be obtained once every three months. If a special audit reading becomes necessary this will be done at the cost of the consumer.

13.7.5 The customer may elect to supply voluntary readings subject to compliance with the rules.

13.7.6 The Chief Financial Officer may, however, cancel the voluntary reading convenience if the customer fails to ensure the audit reading is obtained or should the customer fail to render readings on two consecutive occasions.

13.7.7 Routine or special maintenance of metering equipment will be communicated to the customer. The meter replacement advice will indicate the removal reading.

14. RIGHT TO ACCESS

14.1 The owner and /or occupier of property is to allow an authorized representative of the municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.

14.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

14.3 If a person fails to comply with the request for reasonable access the municipality or its authorized representative may:

- (a) By written notice require such person to restore access at his/her own expense within a specified period.
- (b) Should access be prohibited, the municipality will serve a notice to the consumer to allow such access, failure to comply with the notice will result in municipality taking all action necessary to gain entry or access.

15. VALUATION OF PROPERTIES

All properties within the boundaries of the Rand West City Local Municipality are to be valued in terms of the legislation, applicable to the valuation of properties for the purpose of levying property rates.

16. CUSTOMER ASSISTANCE PROGRAMMES

These are programmes that the Municipality will design to assist customers meet their obligations, such as:

- Water leak rebates;
- Rates rebates;
- Arrangements for settlement;
- Payment of rates by instalments;
- Indigent assistance scheme.
- Free basic services
- Incentive Debt Repayment Scheme

16.1 WATER LEAK REBATE

Excess charges due to water leaks on the account will be recalculated in terms of the “Water Leak” tariff, provided that the following conditions are applied:

- That the leak be repaired within 48 hours of detection.
- That a certificate from a registered plumber or, in the event that the leak was repaired by someone other than a registered plumber, a sworn affidavit must reach the Municipality within ten (10) days of the leak having been repaired.
- The Water Leak tariff shall only be applied for a maximum usage of three (3) consecutive months

16.2 RATES REBATE

Rebates on rates may be granted by Council in terms of Council’s rating policy.

16.3 ARRANGEMENTS FOR SETTLEMENT

16.3.1 Arrangements are permissible for debtors who experience difficulties in paying their accounts.

16.3.2 No interest will be levied on accounts with arrangements and those arrangements are kept up to date.

16.4 DURATION OF ARRANGEMENT

16.4.1 The maximum period of arrangement will not exceed periods as stipulated in the policy.

16.4.2 A maximum of two arrangements is allowed per client for every two year cycle

16.5 DEFAULT REPAYMENT ARRANGEMENT

16.5.1 Debtors who default on payment arrangement made will immediately be subjected to 50/50 pre-payment debt recovery program.

16.5.2 Debtors who default on their second payment arrangement within a two year calendar cycle are required to pay full settlement of their outstanding arrears

16.5.3 Debtors who default on payment arrangement in excess of 90 Days will have their payment arrangement being cancelled by the Municipality

16.5.4 The terms applicable for the settlement are as follows:

16.5.5 That the consumer pay the current account plus the repayment instalments monthly.

16.5.6 That the debtor should not default on their payment. Should the debtor fails to honour the arrangements, the municipality may terminate the services without any further notification.

16.5.7 A consumer may be required to complete a bank debit order for the payment of arrears.

16.6 DOMESTIC DEBT

Outstanding Balance	Minimum Deposit	Maximum Duration of repayment
R1 – R1 000	Full Settlement	
R1001 -2000	50%	1 month
R2001 – 5000	30%	3 months
R5001 – 10 000	25%	5 months
R10 001 -20 000	15%	8 months
R20 001 and more	10%	Maximum of 24 months

Before arrangement can be done the following should be presented:

1. Copy of the ID
2. Copy of the Last Payslip and/or three months bank statement
3. Sworn affidavit commissioned by the SAPS acknowledging debt owed to municipality
4. If applicant is a tenant on a property, written consent by owner to Debt Repayment Arrangement by tenant is required whereby owner acknowledges debt and approves entering into debt repayment arrangement

Arrangement Instalment should not be less than 10% of the combined household income per month

16.7 BUSINESS DEBT

Outstanding Balance	Deposit	Maximum Duration of repayment
R1 – 5000	Full Settlement	None
R5001 – 10 000	50%	1 month
R10 001 – R30 000	35%	3 months
R30 000 – R50 000	25%	6 months
R50 000 and more	15%	Maximum of 12 months

Before arrangement can be done the following should be presented:

1. Copy of the certified ID of company representative
2. Certified copies of company registration
3. Copy of the Latest Audited Financial Statement if applicable
4. Three months bank statement.

5. Proxy letter or resolution on company letterhead authorizing company representative to acknowledge debt on behalf of company/entity.
6. If applicant is a tenant on a property, written consent by owner to Debt Repayment Arrangement by tenant is required whereby owner acknowledges debt and approves entering into debt repayment arrangement

17. RECONNECTION OF SUPPLY

The municipality will restore supply to the property within reasonable time upon:

- (a) the full amount of arrears has been paid, or
- (b) an agreement for payment of the arrears contemplated has been entered into in terms of this Policy, or
- (c) the full amount of arrears in respect of any agreement entered into, and any increased deposit, have been paid, or any additional security required has been provided, and
- (d) any other condition of the Policy that the municipality may consider appropriate has been complied with.

18 PAYMENT OF RATES BY INSTALMENTS

18.1 Owners may pay the property rates annually or in equal monthly instalments over a period of 12 months.

18.2 Interest shall accrue on all monthly paid rates accounts if they are not paid by the due date as indicated on the account.

18.3 Regular monthly instalment payments must be maintained. Failure to maintain monthly instalment payment for three (3) consecutive months shall result in the cancellation of the facility and all future instalments become payable. Indigent accounts will remain on monthly instalment.

19 INDIGENT ASSISTANCE SCHEME

An account holder may apply to the Municipality, in the prescribed manner, to be declared indigent provided that the following conditions are applied:

That the gross household income must not exceed the poverty threshold value as determined by the Indigent Support Policy of Rand West City Local Municipality from time to time.

That the Municipality may inspect the property occupied by the applicant and in respect of which municipal services are rendered to assess the merits of the application.

The municipality reserves the right to withhold provision of free basic services to indigents during the period their services are terminated due to non-payment of arrear balances.

20 FREE BASIC SERVICES

Council will provide free basic services to indigent debtors, on a monthly basis in quantities as determined from time to time.

21 INCENTIVE DEBT REPAYMENT SCHEME

The municipality has accumulated debt over the years and this have resulted into cumbersome debt that majority of our debtors will be unable to pay.

The council hereby authorise the Municipal Manager to negotiate with the consumers who wants to pay for the services but have unbearable debt to pay. The following should be the criteria to be used by the municipality to provide discount to debtors willing to pay.

The incentive will only be applicable to all debtors as approve by council from time to time.

21.1 Rand for Rand

- Which allows a customer to pay full outstanding debt owed and charged within the four year period preceding the date of application and have the debt outside the four year period written off.

21.2 Interest Write Off

- Which allows the customer to pay full outstanding capital debt and have the interest portion on their accounts written off.

22 COMMUNICATION

22.1 The municipality will at its own cost make the Credit Control and Debt Collection policy brochure available to the community. Any amendments may be communicated in a newsletter from time to time.

22.2 Clients are at liberty to visit the municipal offices and request a copy of the policy at no cost

22.3 Councillors must from time to time, address ward committees on the contents of the policy and any amendments thereto.

23 PAYMENT FACILITIES AND METHODS

23.1 Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his/her designate has the discretion to open and close offices as required.

23.2 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. In addition the consumer must take into account the transfer time of the particular agent.

A range of payment methods are available and may be extended as required subject to financial implications. The Municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for consumers.

The Municipality or its authorized agent will operate and maintain suitable pay-points facilities, and which facilities will be accessible to all users for payment of accounts and pre-payment of services. These may include the following;

- (a) Easy Pay
- (c) Post office
- (d) Pay Points (Municipal offices or its satellite offices)
- (e) Internet Banking
- (f) Direct deposits

The Chief Financial Officer shall allocate payments according to pre-determined priorities.

24 ENQUIRIES AND APPEALS

24.1 Any resident or consumer who may feel aggrieved concerning his/her account may address a grievance / appeal to the Municipal Manager or Chief Financial Officer or visit any Customer Care Office provided by the municipality.

24.2 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment of the account. An interim payment equivalent to the average account must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action been instituted against the customer.

24.3 Depending on the nature of the enquiry and the resources available, the enquiry must receive a response within 10 days.

24.4 If a customer has received a response and is still not convinced that the account is not correct, the customer may sign disputes form which will have time line for response to the enquiry.

24.5 Failure by consumers to appeal to an account rendered within will be considered as being in agreement with the levies raised and thus acknowledging liability.

25 TENDERS FOR BUSINESS

The Supply Chain Management Policy and Tender Conditions of the Municipalities will include the following:

25.1. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Credit Control Section of the Municipality, a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.

25.2. No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period.

25.3 A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

26 LEGAL COLLECTIONS

The Chief financial Officer or appointed nominee is, subject to the application of an Indigent policy, authorised to institute debt collection mechanisms without exception and with the intention of proceeding until all amounts owing are collected in full.

The following mechanisms are to be used to collect:

26.1 A reminder that the municipal account has not been paid seven 7th of each month with an outstanding amount greater than R 500.00 is generated and posted to the debtor's address. This reminder clearly states that a period of 14 days is allowed for payment or arrangement for payment, in the absence of which, further legal action will be taken against the defaulter.

26.2 a panel of debt collector(s) be appointed to collect all arrears debt.

26.3 Barring from buying prepayment services by debtors who are in arrears with rates and service charges.

26.4 Allocating a portion of any payment for prepayment services to arrear debt. The municipality will allocate a specified percentage of every electricity and water prepaid voucher purchases to settle outstanding debt. This percentage will be utilized a promulgated from time to time.

26.5 Impose the installation of a prepaid metring device to the property at the cost of the debtor.

26.6 Garnishee orders on debtors' salaries.

26.7 Withholding of rates clearance certificates under certain conditions. Validity of clearance process is four months

- 26.8 Legal process, including the attachment and sale of movable or immovable property.
- 26.9 Withholding payments of grants-in-aid.
- 26.10 Withholding payment on contracts
- 26.11 Any other debt recovery method authorised by Council from time to time.

All costs relating to credit control actions taken will be borne by the consumer.

Council reserves the right to terminate any service on the property against any debt in arrears on such a property.

27 ALLOCATION OF CREDITS

Council may in all instances and without any prior notification allocate credit(s) held for on behalf of the consumer against any amount(s) owed in the name of such client

28 SECTION 89-ESTATES

Council to be notified immediately in order to allow certain processes to unfold.

28.1 Deceased Estate

- a) The surviving members/beneficiaries of the estate to notify council immediately
- b) All utility services in the name of the deceased to be terminated immediately once council becomes aware of the circumstance
- c) A nominated beneficiary to sign a new consumer agreement and pay the required deposit as determined by council
- d) All debt owed by the deceased to be settled by the estate.
- e) Should there be no funds in the estate, the beneficiary to pay rates and taxes levied in the two years preceding death of the owner.
- f) Council may consider, upon receipt of all satisfactory documentation; writing off all remaining arrears upon receipt of a confirmatory statement from the executor advising council of the unavailability of council
- g) In the event of co-ownership of the property, the surviving property owner is responsible for settlement of all arrear debts.
- h) Beneficiaries of deceased estates are responsible for all debts that accrued after upon death of the account holder.

28.2 Sequestrations/liquidations

- i. All utility services linked to the sequestrated/liquidated account holder to be terminated immediately upon council being made aware of the status.
- ii. The trustee/executor to nominate in writing the name in whom the services are to be linked.
- iii. The nominated account holder to visit council offices to sign the relevant consumer agreement and pay the required deposit.
- iv. Services will only be restored once the above have been complied with to the satisfactory of council.

- v. All debts relating to the estate to be settled upon finalization/winding up of the estate
- vi. Council reserves the right to impose a reserve price on the execution of the sale of the property

All future arrears that may become due and payable against beneficiary accounts will be subjected to normal credit control action by council

The surviving members of a deceased estate may apply and considered in terms of the Indigent Support Policy of council.

29 DEVELOPMENT PLANNING/BUILDING PLANS

Council reserves the right to deny the consideration of building plans for approval until all arrear debts owed against the property are settled in full and or acknowledged by the owner of the property.

The CFO or nominee must sign off that the above have been complied with prior to the building plans being considered for approval.

30 WRITING OFF OF BAD DEBTS

30.1 The Council will consider writing off bad debts –

30.1.1 Only after all reasonable steps have been taken to recover the debt in accordance with this policy, and the Council has convinced itself that:

- (i) recovery of the debt would be uneconomical; or
- (ii) recovery would cause undue hardship to the customer or his/her dependants; or
- (iii) it would be to the advantage of the Council to effect a settlement of its claim or to waive a claim.

30.1.2 The debt to be written off as determined in (a) above will only be effected:

- (i) in terms of council policy; or
- (ii) in terms of legislation; or
- (iii) in terms of delegated powers; or
- (iv) in terms of regulations issued.

31 THEFT AND FRAUD

31.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.

31.2 The Council may approve specific penalties and distinguish between cases of vandalism and theft.

31.3. Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

32 REPORTING AND PERFORMANCE MANAGEMENT

32.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:

- Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

32.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

33 APPLICATION OF THE POLICY

The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

34 POLICY IMPLEMENTATION

This policy will be effective as from 1 July 2017.